

Message Text

CONFIDENTIAL

PAGE 01 STATE 211173

62

ORIGIN ARA-20

INFO OCT-01 ISO-00 AGR-20 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

COME-00 L-03 IGA-02 SSO-00 NSCE-00 CIAE-00 INR-10

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DRAFTED BY ARA/BC/B:RNICHOLSON

APPROVED BY ARA/LA: JBKUBISH

USDA/EMS:GTUSSEY(PHONE)

EB/OF:RSIMPSON

ARA/BC:JEKARKASHIAN

ARA/ECP:CREYNOLDS (PHONE)

NSC:JBUSHNELL (INFO)

EB/IFB:KSTOCKER (INFO)

ARA/LA:HWSHLAUDEMAN

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

C O N F I D E N T I A L STATE 211173

E.O. 11652:GDS

TAGS: EAGR, EFIN, CI

SUBJECT: CHILEAN REQUEST FOR CCC FINANCING OF FEED CORN

REF: A. SANTIAGO 5183 B. SANTIAGO 4803

1. THE DEPARTMENT HAS RECEIVED A NOTE FROM THE CHILEAN EMBASSY REQUESTING A CCC CREDIT TO FINANCE GOC PURCHASES OF 250,000 TONS OF FEED GRAIN AT AN APPROXIMATE COST OF \$28 MILLION.

2. QUOTE. THE EMBASSY OF CHILE PRESENTS ITS COMPLIMENTS TO THE DEPARTMENT OF STATE, AND IN ACCORDANCE WITH ITS PRELIMINARY CONVERSATIONS WITH THE DEPARMENT OF AGRICUL-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 211173

TURE, FORMALLY REQUESTS FROM THE GOVERNMENT OF THE UNITED

STATES OF AMERICA A CREDIT TO BE CARRIED OUT THROUGH THE COMMODITY CREDIT CORPORATION.

THE PURPOSE OF THIS CREDIT IS FINANCING A PURCHASE OF CORN URGENTLY NEEDED IN OUR COUNTRY. THE QUANTITY OF CORN REQUIRED TO MEET THE DEMAND UNTIL APRIL 30TH, 1974 IS 250,000 TONS., (OF WHICH 35,000 TONS. HAVE BEEN BOUGHT FROM CONTINENTAL GRAINS) AT AN APPROXIMATE COST OF US\$28 MILLION.

THE RESPECTIVE CONTRACTS WILL BE WORKED OUT THROUGH PRIVATE BIDS WITH AMERICAN EXPORTERS WITHIN THE NEXT FEW DAYS, AS SOON AS THE PERTINENT AGENCY OF THE U.S.

GOVERNMENT APPROVES THE OPERATION.

IT IS THE WISH OF THE CHILEAN GOVERNMENT, THAT THE CREDIT BE APPROVED FOR THE HIGHEST AMOUNT POSSIBLE WITHIN THE ABOVE FIGURE.

THE EMBASSY OF CHILE WOULD LIKE TO BRING TO THE ATTENTION OF THAT DEPARTMENT THE FACT THAT THIS PURCHASE OF CORN IS ABSOLUTELY INDISPENSABLE FOR THE RAPID INCREASE OF THE POULTRY AND PIG PRODUCTION, IN ORDER TO RAISE THE PROTEIN OUTPUT FOR CONSUMPTION BY LARGE NUMBERS OF CHILEAN PEOPLE. OUR COUNTRY HAS THE INFRASTRUCTURE REQUIRED TO ACHIEVE THIS INCREASE, BUT LACKS CORN, BASIC ELEMENT FOR THE GROWTH OF THE ABOVE-MENTIONED LIVESTOCK.

IN LIGHT OF THE DEFICIT IN OUR BALANCE OF PAYMENT AND THE PRESSING NEED FOR THIS VITAL GRAIN, THE GOVERNMENT OF CHILE WILL APPRECIATE IT IF THE GOVERNMENT OF THE U.S. WOULD AUTHORIZE THIS CREDIT AS SOON AS POSSIBLE, AND FOR A MAXIMUM PERIOD OF 36 MONTHS.

THE EMBASSY OF CHILE THANKS IN ADVANCE ANY ATTENTION THE DEPARTMENT OF STATE MIGHT GIVE TO THIS APPLICATION FOR CREDIT, AND IN REQUESTING THAT IT BE SUBMITTED FOR CONSIDERATION BY THE PERTINENT U.S. AUTHORITIES AT YOUR EARLIEST CONVENIENCE, AVAILS ITSELF OF THIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 211173

OPPORTUNITY TO RENEW TO THE DEPARTMENT OF STATE THE ASSURANCES OF ITS HIGHEST AND MOST DISTINGUISHED CONSIDERATION. END QUOTE.

3. THE CHILEAN REQUIREMENT WAS DISCUSSED WITH USDA AND DEPARTMENT DURING RECENT VISIT FOREIGN MINISTER HUERTA. HOWEVER, NO COMMITMENTS WERE MADE OR INFERRED.

4. THE PREVIOUS CCC CREDIT FOR WHEAT WAS GIVEN PRIORITY APPROVAL TO ASSIST THE GOC TO AVOID A SERIOUS FOOD SHORTAGE. SINCE THE MORATORIUM ON CCC FINANCING IS STILL IN EFFECT, A STRONG CASE WILL BE REQUIRED TO JUSTIFY FINANCING OF A CORN SALE; PARTICULARLY FOR FEED.

5. BEFORE WE CAN PROCEED WITH FURTHER CONSIDERATION OF CHILEAN REQUEST, EMBASSY'S VIEWS WOULD BE APPRECIATED ON THE DEGREE OF ITS URGENCY, THE VALIDITY OF THE QUANTITIES REQUESTED AND THE TECHNICAL CAPABILITY OF GOC AGENCIES TO ENSURE PLANNED RAPID INCREASES IN PORK AND POULTRY PRODUCTION. EMBASSY'S VIEW'S ARE ALSO SOLICITED ON POSSIBILITY GOC OBTAINING FINANCING ELSEWHERE. IN THIS CONNECTION WE NOTE STATEMENT REFTEL B SOUTH AFRICAN

AMBASSADOR ON CREDITS TO GOC FOR MINING MACHINERY AND CORN.

6. WE WOULD LIKE TO CONFIRM THAT IT IS YOUR UNDERSTANDING, AS IT IS OURS, FROM REFTEL (A) PARA. 2 THAT NO FURTHER GOC REQUESTS FOR CCC CREDITS WILL BE FORTHCOMING UNTIL MID-1974.

7. REQUEST EMBASSY REPLY BY COB, OCTOBER 26. KISSINGER

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